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July 23, 2004

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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: *Investigation of Kentucky Utilities Company and Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator*
Case No. 2003-00266

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of the Motion of Kentucky Utilities Company and Louisville Gas and Electric Company to Modify Procedural Schedule and Schedule an Informal Conference in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

W. Duncan Crosby III

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

INVESTIGATION INTO THE)
MEMBERSHIP OF LOUISVILLE)
GAS AND ELECTRIC COMPANY)
AND KENTUCKY UTILITIES)
COMPANY IN THE MIDWEST)
INDEPENDENT TRANSMISSION)
SYSTEM OPERATOR)

CASE NO. 2003-00266

**MOTION OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY TO
MODIFY PROCEDURAL SCHEDULE AND SCHEDULE
AN INFORMAL CONFERENCE**

Kentucky Utilities Company and Louisville Gas and Electric Company (collectively, the "Companies") hereby move the Public Service Commission ("Commission") to modify the procedural schedule in this case and schedule an informal conference. In support of this Motion, the Companies state as follows:

By Order dated June 22, 2004, the Commission reopened the evidentiary record in this case and created a new procedural schedule. Subsequently, by Order dated July 16, 2004, the Commission suspended the new procedural schedule and invited the parties to file revised procedural dates or request an informal conference to discuss necessary procedural steps and revised dates for their accomplishment. The Commission granted the parties seven days from the date of its July 16 Order to submit their new schedules or requests for an informal conference.

The Companies circulated their proposed procedural schedule below to Intervenors' counsel and are advised that the Midwest Independent Transmission System Operator ("MISO") wishes to file an alternative procedural schedule.

Because the Companies wish to provide the Commission with an analysis that is as complete and thorough as possible, they submit that the procedural schedule below is appropriate. It provides for an informal conference, which the Companies believe will contribute to the parties' and the Commission staff's understanding of the Energy Markets Tariff ("EMT") and its potential impact on the Companies, such as through the fuel adjustment clause. Such a conference will also allow the parties to discuss any concerns they have about procedural and scheduling issues, and should assist the Companies in formulating their initial round of data requests.

As part of their proposed procedural schedule, the Companies request that the Commission allow for a round of discovery through data requests before the Companies file their supplemental testimony. MISO's EMT is enormously complex and, the Companies submit, ambiguous in many respects. The Companies therefore request a round of discovery in advance of filing their supplemental testimony so that they may resolve any perceived ambiguities and provide the Commission with the best possible analysis of MISO's EMT, as well as the most informed comparison of MISO and other RTOs.

The Companies also request that testimony in this case be filed sequentially, not simultaneously, regardless of the schedule the Commission ultimately adopts. For the reasons given above, the Companies submit that it is appropriate for the Companies to submit their fully informed testimony on all the issues the Commission has asked the parties to address, followed by the Intervenors' responsive testimony. The Companies believe that simultaneous testimony, particularly if the Companies are not first granted a round of discovery on MISO, will result in such testimony from all parties being incomplete in their analyses.

The Companies further request that, just as the Commission allowed in the initial hearings in this case, the Commission grant the Companies leave to file rebuttal testimony, which testimony should be due on or before December 20, 2004. Rebuttal testimony is particularly important in this instance because MISO, having drafted the EMT on which the Commission has asked the Companies to submit testimony, may provide additional information in its testimony to which the Companies should be provided an opportunity to respond. Rebuttal testimony is also appropriate because the Companies bear the burden of proof in this proceeding.

WHEREFORE, the Companies move the Commission to enter an order modifying the current procedural schedule in this case to: (1) set the following schedule:

Informal Conference on MISO's Energy Markets Tariff and its potential impacts on rates and the fuel adjustment clause	08/11/04
Companies submit data requests to MISO	08/18/04
MISO responds to Companies' data requests	09/01/04
Companies file supplemental testimony on MISO's Energy Markets Tariff and the feasibility, including costs and benefits, of joining PJM or any other RTO.	09/22/04
Intervenors submit data requests to Companies	10/06/04
Companies respond to Intervenors' data requests	10/20/04
Intervenors file supplemental testimony, if any	11/11/04
Companies submit data requests to Intervenors	11/29/04
Intervenors respond to Companies' data requests	12/13/04
Companies file rebuttal testimony	12/20/04
Hearing begins	1/11/2005

and (2) to grant the Companies' motion to schedule an informal conference as scheduled above.

Dated: July 23, 2004

Respectfully submitted,



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Company and Kentucky Utilities Company